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## **LANDOWNERS, DEVELOPERS LAYING GROUNDWORK FOR COMMUNITY WIND FARM**

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BUFFALO — In the lull before the storm, the monstrous turbines at Invenergy's Judith Gap Wind Farm stood still, their blades idle. Less than 20 miles to the northwest, however, a breeze scraped across the snow-custed benchlands.

"The wind potential is here," said Pat McNulty, who runs cattle on the northeast end of the Little Belt Mountains. "It's a unique wind, and it's here most of the time."

McNulty and about 30 of his neighbors are hoping to harvest that wind in Montana's premiere utility-scale community wind farm. As projected, the wind farm would stretch across 55,000 acres of land in central Montana. Ultimately, its turbines would crank up to 500 megawatts of power — nearly four times the production capacity at the neighboring Judith Gap facility. Developers say the project will most likely be developed in phases of 100-plus megawatts, perhaps in several clusters of turbines, over the next five to eight years. At an estimated \$2 million per kilowatt, the wind farm would have a \$1 billion price tag at full buildout.

The new project — dubbed Judith Highlands Energy LLC — is yet in its infancy with no guarantee it will come to fruition. The parties involved, however, believe prospects are good and they are willing to be patient.

"This is not going to happen overnight," McNulty said. "But we've been really pleased with the way this is going."

### **Community wind**

What sets Judith Highlands apart is not just its size, but its community-based approach. To appreciate the difference, one only has to speak with landowners who have dealt with the "gold rush mentality" that typifies some in the industry. Too often property owners have been pressed to sign sketchy contracts, offered rock-bottom lease prices and told not to compare their deal with their neighbor's.

The community approach caught the attention of Rhyno Stinchfield and Steve Tyrrel, CEO and chief operating officer, respectively, of Billings-based Montana Wind Resources LLC. Both long-time proponents of sustainable energy, they were looking for wind development opportunities when they crossed trails with National Wind LLC.

Minnesota-based National Wind specializes in community wind development on a utility scale. The business was established six years ago and now boasts more than a dozen community wind farms in various stages of development, mostly in the Midwest.

“Nobody is doing community wind at this level,” Stinchfield said.

Stinchfield and Tyrrel welcomed the thought of working with an American company — wind development in Montana is dominated by European firms — that would keep stimulus dollars closer to home. But they were especially impressed with National Wind’s community-based model.

“The landowner has the opportunity to participate in the sale of electricity, on top of wind turbine and land payments,” Stinchfield said. “That’s what, in our minds, makes this a truly community project.”

With fewer dollars going out of state or out of country, community wind farms have a higher potential for re-injecting dollars into the local economy. A study conducted by the University of Minnesota concluded that community wind projects have five times the local value added as a corporate wind farm and create 3.4 times as many jobs. Stinchfield says his numbers indicate that roughly 20 percent of the money generated from a community wind project stays local, as compared to 6 percent for a “traditional” development.

And that’s huge, he said, when you’re talking millions of dollars in power generation each year.

“Steve and I have enjoyed working with Montana ranchers and landowners over the past several years,” Stinchfield said. “However, nothing we’ve seen yet has possessed the economic potential of Judith Highlands.”

## **Local representation**

Long before Stinchfield and Tyrrel targeted the Garneill/Buffalo/Hobson area, landowners there had been talking with wind developers. When plans stalled for lack of agreement over contract terms, several locals weren’t willing to abandon the concept.

“We had a small group already meeting,” McNulty said. “We had been working our way up the learning curve.”

So, the potential was ripe when one of McNulty's neighbors — an individual whose land is a part of the Judith Highlands footprint — happened upon Stinchfield and Tyrrel at last spring's Montana Agri-Trade Exposition in Billings. He found the notion of a community wind farm appealing and his neighbors agreed.

"That community model, that's not just a phrase," said David Dover, who owns land within the boundary of the Judith Highlands proposal. "There's a local board of directors, so locals get representation."

Over the ensuing months, the small nucleus of nine landowners grew to 30. A few more may be added when more detailed wind data is in. Ranging in size from a quarter-section to 10,000 acres, their properties straddle portions of Judith Gap, Golden Valley, Fergus and Wheatland counties. In accordance with the community model, all will receive some payment, even if no turbines are placed on their land.

"Part of the fairness of that," Tyrrel said, "is that, if your land is within the footprint, it'll be impacted."

Locals also like the fact that they're encouraged to discuss among the group the details of their contracts.

"You know exactly what your neighbor signed because it's the same for you as it is for him," Dover said. "And we have time. They're not pushing paper at us."

## **Enough to share**

Although the community model keeps dollars at home, electricity generated from Judith Highlands will almost certainly be shipped to West Coast markets.

"Montana isn't really in need of wind power," Stinchfield said, noting that Montana won't have any problem meeting its 2015 target of 15 percent renewable energy. He also points out that the going rate for electricity in California is twice that in Montana.

Tyrrel counters the notion that by exporting wind power, rates for Montanans will increase.

"That's like saying, if we export wheat, we end up paying too much for bread," he said. "This is an export commodity and should be looked at that way."

Above all, Tyrrel is enthused that a Montana resource has the potential to decrease the nation's reliance on foreign energy. It's American, it's domestic and it isn't influenced by international crises, he said.

“Wind has value because it cannot be affected by commodity prices, like coal and natural gas are,” he said. “Once you document a wind regime, you have a known entity that can extend out indefinitely.”

McNulty said the landowners understand that the power generated on their property will light homes and run air conditioners in Los Angeles. But it will also keep create local jobs and boost the local economy.

But, there are risks. There’s the risk that the \$100,000-plus spent erecting two meteorological towers last month won’t reveal the type of wind resource they’d hoped for. There’s the risk that the presence of sage grouse or some threatened species will scuttle plans. And there are risks that financing won’t materialize, or there’ll be no way to move the energy to market.

“Basically all of the transmission in Montana has been spoken for,” McNulty said. “And as projects do happen, how much capacity can we get?”

## **Problems all solvable**

Wind farm development may be a roll of the dice, but Gov. Brian Schweitzer believes Judith Highlands stands out from the 50-plus wind projects currently at some stage of dream-to-development in the Big Sky state.

“Some will never be built, and we never know which,” he said, applauding the community concept. “But this one looks very promising.”

Regarding transmission, Schweitzer refers to a project proposed by Grasslands Renewable Energy of Bozeman. The project would tie together wind generation from the eastern two-thirds of the state and deliver it to a hub in Townsend, from where it would be shipped to West Coast markets. If the Grasslands project is realized, it would have the capacity to export as much power as Montana currently generates, Schweitzer said.

Stinchfield admits that transmission presents the biggest hurdle, but he continues to work with transmission developers, including Carl Borgquist of Grasslands.

Regarding financing, Schweitzer commends the developers for actively pursuing Montana investors. While the state does not finance private endeavors, he said it does strive to match developers with financiers.

The Judith Highlands project represents National Wind’s second venture in the Rocky Mountain area, the first being in Colorado.